



# NEWS

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This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action.  
See MCI v. FCC, 515 F.2d 385 (D.C. Cir. 1974).

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FOR IMMEDIATE RELEASE:  
February 10, 2005

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## **FCC REDUCES THE COST OF SWITCHING LONG-DISTANCE PROVIDERS**

### *Rate Could Drop from \$5 to \$1.25*

Washington, D.C. – The Federal Communications Commission today moved to reduce the cost to consumers of switching long-distance providers.

The current rate of \$5 could be reduced to \$1.25 under the Commission's new rules. These rates would apply when long-distance carriers order the changes electronically rather than manually. For manual changes, the rates could increase slightly, to \$5.50.

Local exchange carriers, which receive the fees for switching a customer's pre-subscribed long-distance carrier, can charge more if they can document higher costs. However, local carriers that adopt the new "safe harbor" rates are free from the expense of submitting detailed cost information. Local companies can also charge less than the safe harbor rate if they choose.

When consumers switch both interstate and intrastate long-distance providers at the same time, the charge for changing the interstate provider is cut in half, from \$1.25 to 63 cents for electronically processed changes. The FCC has no authority to reduce the intrastate charge, which is set by each state.

The Commission found that electronic processing and other changes in the industry have reduced the cost of switching carriers since the \$5 fee was adopted in 1984. The order creates an incentive for long-distance carriers to invest in electronic processing so that fees charged by local providers won't deter customers from signing up. Long-distance companies sometimes voluntarily pay these fees to attract new customers, but they are not required to do so.

Local carriers that haven't installed systems capable of processing electronic orders would not be required to do so if the investment isn't economically rational. These carriers may charge the safe harbor rate for manual changes.

Action by the Commission February 10, 2005, by Report and Order (FCC 05-32). Chairman Powell, Commissioners Abernathy and Martin, with Commissioner Copps approving and dissenting in part and Commissioner Adelstein concurring. Separate issue by Chairman Powell, Commissioners Copps and Adelstein.

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